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C O N F I D E N T I A L SECTION 01 OF 02 BUCHAREST 000694

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TAGS: PGOV RO

SUBJECT: BASESCU, OPPOSITION NAME COMPETING CANDIDATES FOR PRIME MINISTER

REF: A. BUCHAREST 691

1B. BUCHAREST 681

Classified By: Ambassador Mark Gitenstein for reasons 1.4 (B) and (D).

11. (C) SUMMARY. Following the first successful no-confidence motion in Romania's post-Communist history (ref A), the opposition coalition of the National Liberal Party (PNL), the Social Democratic Party (PSD) and the Democratic Union of Hungarians in Romania (UDMR) are attempting to force President Traian Basescu to accept their choice for prime minister, popular Mayor of Sibiu and German Federation member Klaus Johannis. Rejecting their suggestion, President Basescu countered on October 15 by nominating Lucian Croitoru, a respected economist without political affiliation who is a senior adviser to National Bank of Romania (BNR) Governor Mugur Isarescu. The Constitution gives Croitoru ten days to assemble a government. The newly-constituted opposition coalition, which controls about two-thirds of Parliament, is unlikely to approve the new cabinet unless the ruling Democratic Liberals (PDL) are able to persuade enough individuals (particularly in the UDMR) to change sides. END SUMMARY.

BASESCU, OPPOSITION PROPOSE THEIR CANDIDATES

12. (U) Building upon the success of the October 13 no-confidence motion, PNL, PSD and UMDR jointly proposed Klaus Johannis as an independent candidate for Prime Minister. Johannis is the three-term mayor of Sibiu, a mid-sized city in Transylvania known for its clean streets and well-run local government. Sibiu, and Johannis, won considerable prestige when the city was selected as a European Cultural Capital in 2007. In his most recent election victory, Johannis, unaffiliated with the major parties, won 88 percent of the popular vote.

13. (SBU) The opposition coalition, jointly comprising a majority in Parliament, has argued that the President should accept their choice because the Constitution says that the President must consult with the party that holds the majority of the seats before nominating a new prime minister. The President countered that he is not bound by this interpretation because the Constitution states he must meet with all parties if no single party controls a majority, and that he already has done that. The PDL is the largest party in Parliament with more than one-third of the seats (170 of 471). The PNL and PSD have vowed to challenge this interpretation in the Constitutional Court.

14. (SBU) In a nationally televised statement October 15, Basescu said he is opposed to an independent, technocratic government and stated that the prime minister must be an expert in international finance, in order to face Romania's current fiscal challenges. He nominated Lucian Croitoru, who has a long history in both domestic and international financial institutions. Croitoru served as Romania's representative to the IMF and a principal advisor to the IMF

Executive Director from September 2003 to July 2007. He is currently senior BNR economist and Isarescu adviser. While he has no official party affiliation, Croitoru was first nominated to his position in the National Bank in 1998 by Isarescu, who himself went on to serve briefly as a technocratic prime minister in 2000. Isarescu is also Croitoru's father-in-law. PSD candidate Mircea Geoana immediately made a statement to the press that Croitoru will not receive the necessary parliamentary support, and that the President's choice is only a ploy to allow the lame-duck Boc cabinet to continue until the November 22 presidential elections.

15. (C) Meanwhile, Presidential Counselor Anca Ilinoiu called the Ambassador shortly before Basescu's public announcement. Ilinoiu said Basescu wanted to reassure the U.S. Government that he is attempting to resolve the political situation as soon as possible. He viewed recent developments as pre-election politics, she said. Basescu regretted that this political uncertainty was continuing on the eve of Vice-president Biden's visit, and indicated that because it will take at least ten days to organize a new government, Boc will still be the Prime Minister when Biden arrives.

NEXT STEPS

16. (C) Any new cabinet will need Parliament's vote of confidence. Now that Basescu has named a prime minister-designate, that person has ten days to assemble a cabinet. The Constitution is silent as to when the Parliament must vote on the new government. If Parliament eventually rejects the new cabinet, the President has the

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opportunity to put forth a second name. If that name is rejected, then the President may dissolve Parliament and call new elections. However, the Constitution also states that the President cannot call for new parliamentary elections within six months of the end of his presidential term. At this point, it is unlikely that any of the parties in Parliament would be willing to risk a new parliamentary election given the risks and costs.

COMMENT

17. (C) Although Basescu is on good terms with Johannis, few expected him to accept the PSD-PNL-UDMR proposal. In the coming days, if not weeks, we expect the PDL to try to lure UDMR back into the fold and co-opt enough PNL and PSD legislators to form a new parliamentary majority. As a result, the ethnic Hungarian UDMR, with about seven percent of seats and few entangling alliances as constraints, could once again play the role of kingmaker. The central issue now is not who would make the better prime minister, but which presidential candidate can outmaneuver the others before the first round of presidential elections.

GITENSTEIN